

KENTUCKY DEPARTMENT OF EDUCATION
DISTRICT FUNDING AND REPORTING BRANCH
DISTRICT FINANCIAL MANAGEMENT BRANCH

FINANCE NEWSLETTER

NOVEMBER/DECEMBER 2010



Introduction

The Kentucky Department of Education (KDE) has gone through many changes recently due to technological advancements and budget constraints. One of our goals is to share timely information as efficiently as possible through the use of this finance newsletter.

KDE finance newsletters are archived at the following link:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Financial+Information/Finance+Newsletter.htm>

Tax Rates

When districts' tax rates are approved by the Kentucky Board of Education (KBE) for 2010-11, an approval letter will no longer be mailed to each district. KDE will be sending a scanned copy of the approval letter and a scanned copy of the approved tax rate levied form by e-mail to both the superintendent and the finance officer in each district.

Districts are still required to publish a final advertisement notifying the public that the rates have been approved by KBE.

If you have questions, please contact Chay Ritter at (502) 564-3846 or by e-mail at chay.ritter@education.ky.gov.

GASB 54

The Governmental Accounting Standards Board issued statement number 54, which **requires** balance sheet object code changes to be in place before submitting your FY 2010-2011 unaudited AFR. The Chart of Account coding updates are being made and will be released in the near future.

Reporting Data

KDE collects a large amount of data, and we want districts to know what we do with your Professional Staff Data (PSD) and Classified Staff Data (CSD). This information is invaluable to us, since we use it for several reports that we publish on the KDE website. We also use it for fiscal and non-fiscal federal reporting; therefore, the accuracy of this data is very important. The federal government tracks this information and compares it with data from other states. This data also is used to calculate funding for raises provided by the state during legislative sessions. Other outside agencies that use this information are the Education Professional Standards Board, Kentucky Educational Development Corporation and Kentucky Education Association. Check out the reports published by KDE at the link below.

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Financial+Information/Annual+Financial+Reports.htm>

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Chart of Accounts

Conversion was a success! Thanks to everyone for their hard work. All districts have now converted to the new Chart of Accounts.

We want to acknowledge several people who contributed and went above and beyond to assist in the Chart of Account revision process and ensured its success:

Chart of Accounts Committee — The committee spent many hours reviewing the outdated Chart of Accounts and assisted KDE in development of the implementation plan.

MUNIS & OET staff — Brian Pelletier (MUNIS), Kristen Lambert, Jill Page, Pat Boyd and Charlie Hall developed MUNIS utilities for districts to use, which simplified the process.

Field Staff — Gary Caldwell, Stephen Clark, Ramona Gardner and Kathy Pelletier worked on the changes and documentation that was developed to assist districts. They successfully helped districts to implement by the reporting deadline of the 2009-2010 Un-Audited Annual Financial Report (AFR).

Presenters at Spring KASBO — The presentations by Sheila Miller (Owen County), Gary Caldwell, Stephen Clark, Amy Smith (Laurel County) and Brian Pelletier about the COA revision were great ways to get information out to the districts.

KDE's Technical Staff put into place processes that helped us all work toward better accuracy of the data for reporting.

Thanks to all of the Program Staff — Karen Wirth and Thelma Hawkins were invaluable to the process and ensured all matrices were changed to the new COA.

Thanks to the ten pilot districts — Bath County, Corbin Independent, Elizabethtown Independent, Laurel County, Ludlow Independent, Marshall County, Morgan County, Owen County, Pulaski County, Jefferson County and Fayette County. We would like to extend a special thanks to Shelia Miller from Owen County for being the first to convert to the revised Chart of Accounts.

Finally, **thanks to all the districts** for working so hard in getting their Charts of Accounts changed to the new COA process. It seemed overwhelming, but we all worked together to make it happen.

As a reminder, here is the link that contains the COA documents to help districts continue maintaining the revised chart of accounts:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Financial+Information/Chart+of+Accounts.htm>

Merci Beaucoup Muchas Gracias Grazie Mille Vielen Dank

2010-2011 Working Budget – Submission Change and Resubmission

KRS 160.470 (6)(b) requires local school districts to submit a working budget to KDE by September 30. A Web application is used to submit two working budget files (WKD and WSB) to KDE. The submission window will be open through November 12. Due to the timing of recent EduJobs funding through the federal government and federal reporting requirements, KDE has extended submission through this date to allow for reporting of EduJobs funding in Fund 2 project 4411.

KDE asks that you resubmit your working budget to include these funds. Districts are not required to budget and resubmit for EduJobs funding if funds will not be spent in FY 2011.

If you need to resubmit your working budget, please contact Ken Smith at (502) 564-3846 or ken.smith@education.ky.gov to have the previous submittal removed so that the working budget can be resubmitted thru the Web application.

The instructions for the working budget report can be found in the document called *Working Budget Report (STW-GL-4)* on the KDE website at:

<http://www.education.ky.gov/KDE/Administrative+Resources/Technology/Financial+Management+System/User+Guides/Budget+General+Ledger/Statewide+Budget+General+Ledger+Reports.htm>

It will be necessary for districts to correct any reporting discrepancies reflected on the last page of the working budget report prior to submitting the files to KDE.

Items to watch when creating the working budget files in MUNIS:

Transfers In must agree to Transfers Out

Transfers In are found by examining all object codes 52*, while Transfers Out are function 5200 with object codes 091*. Totals for Transfers In must agree to totals for Transfers Out.

Functions associated with accounts attached to object code 091*

Any account with an object of 091* should include function 5200 – Fund Transfers, with no other function being permitted with the transfer object codes.

Budgets balancing for each fund

The budgets for any fund included in the working budget file should balance, meaning budgeted revenues must agree with budgeted expenditures for each fund.

Start and actual completion dates on projects

Proper project dates are important for any multi-year fund (Fund 2 – Special Revenue Fund and 360 - Construction Fund) project. These dates determine whether the budgets are pulled into the working budget files. Any 2011 projects should have a start date of July 1, 2010, and an actual completion date of June 30, 2011. These dates are for budgeting purposes only and do not reflect dates by which the project will truly be completed. The estimated completion date can be used for that purpose if needed.

Items to watch when submitting/resubmitting the working budget files to KDE:

- Submit the correct year's working budget files.
- place the correct file in each field as defined.
- There must be budgeted revenues and expenditures in Fund 1 – General Fund, Fund 2 – Special Revenue Fund, Fund 310 – Capital Outlay Fund, Fund 320 – Building Fund and Fund 51 – Food Service Fund.
- All funds submitted in the working budget file must be valid in accordance with the KDE Chart of Accounts.

Indirect Cost Rates

Below is the location for indirect cost rates for each district for FY 2011.

<http://www.education.ky.gov/kde/administrative+resources/finance+and+funding/school+finance/financial+information/indirect+cost+rates.htm>

The method used to calculate indirect costs is called the “predetermined” method, which requires a 10 percent reduction in the rate to allow for changes and fluctuations from year to year. The calculation is computed electronically using numbers reflected in your district’s Annual Financial Report (2009). Detailed reports of the calculations for each district’s FY 2011 rates are available on the KDE website on the [Indirect Cost Rates](#) page.

Each local board of education must decide whether to recover indirect costs before **October 1**, the start of the federal fiscal year. If a board chooses not to recover indirect costs, that decision cannot be reversed at a later time during that fiscal year. However, if a board does make the timely choice to recover indirect costs, the district is not necessarily required to actually charge the indirect costs.

The non-restricted cost rate is for use with food service, and the restricted indirect cost rate is for use with grants. Since the indirect cost rates are calculated for use with federal programs, the federal fiscal year should be used. Please use the current FY 2010 rate through September 2010, and then use the new rates for FY 2011 starting October 2010.

Health Insurance

Remittance files

- The Health Insurance Remittance files are due to KDE by the third business day of the month. KDE must receive all districts’ Health Insurance Remittance files in order to process the life insurance bill that pays for local school district employees’ state-sponsored life insurance. If the life insurance bill is not paid on time, then local school district employees’ life insurance will be terminated for non-payment.

Guidelines for qualification for state-sponsored Group Health and Life Insurance benefits:

- For employees in **certified** positions to be qualified for health and life Insurance benefits, they must follow the guidelines set forth in [702 KAR 1:035 \(1\)\(3\)](#), which state, “Regular, full-time, certified employee’ means an employee with the expectation that he is to perform duties for the full school term (or the remainder of the school term) as established in KRS 158.070, and the employment will not require less than seventy (70) percent of the school day or school month as defined in KRS 158.060.”
- For employees in **classified** positions to be qualified for health and life Insurance benefits they must follow the guidelines set forth in [702 KAR 1:035 \(1\)\(4\)](#), which state, “Regular, full-time, noncertified employee’ means an employee having the expectation that he is to be employed for the full school term (or the remainder of the school term) as established in KRS 158.070, and whose assignments require a minimum of eighty (80) hours per school month as established in KRS 158.060.”

PSD/CSD Reporting –Submission Changes

The Professional Staff Data (PSD) and Classified Staff Data (CSD) files will no longer be submitted by “kytransfer,” but are to be submitted through KDE’s Web submission application. This submission process is similar to the method that Tentative Budgets, Working Budgets and AFRs are submitted. Also, the files are not accepted through Web submission until all errors are resolved.

The PSD/CSD reports were due by October 1 and are for staff employed as of September 15. Please remember that the Education Professional Standards Board (EPSB) reviews the districts’ submitted LEAD reports and compares that to the staff data from PSD in MUNIS. Adjustments may need to be made due to certification issues.

Please contact Ken Smith at (502) 564-3846 or ken.smith@education.ky.gov if you need to have your previous PSD and/or CSD reports deleted in order to make adjustments and resubmit due to certification issues.

Transportation Forms

The Transportation Growth Factor Adjustment Form, due November 1, should now be submitted to KDE through a Web submission application. This process is similar to the Transportation Adjustment – End of Year form. You can access all of the transportation reimbursement forms at the following link:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Transportation+Funding+Forms.htm>

If you have any problems accessing the Web-based forms, check first with your technology staff and make sure your permissions are set up correctly.

As we continue to improve these processes, we will be placing more of our forms on this website. Please continue to visit this site for future updates.

If you have any questions about these forms, you can contact Debra Vaughan at (502) 564-3846 or debra.vaughan@education.ky.gov.

National Board Certified Teachers (NBCT) Reimbursement

Teachers who took the National Board Certification test in July 2010 and were successful will be receiving notifications of their certifications in November. Although KDE does not need to be notified, you must ensure that you give a copy of your new certificate to your local human resource department. Once teachers are paid for this certification, their boards of education will apply and request the current legislatively approved amount of reimbursement from the state. The state reimbursement will go to the local board of education. Applications and the most current state requirements to be eligible for the state reimbursement can be found in the link below:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/District+Personnel+Information/National+Board+Certification+Salary+Reimbursement.htm>

If you have any questions, please contact Debra Vaughan at (502) 564-3846 or debra.vaughan@education.ky.gov.

Capital Funds

Use of Local District Capital Funds was addressed in HB 1 of the 2010 Special Session and required, prior to August 1, 2010, that the Kentucky Board of Education-approved guidelines be followed in considering requests from the local boards of education.

The capital funds for FY 2010-11 and FY 2011-12 guidelines and request forms must be completed before submitting this document to KDE. The capital funds requests must be submitted electronically through e-mail to the Kentucky education commissioner. KDE Executive Secretary Teresa Perry should be copied on all requests that are sent to the commissioner in order for proper processing to occur.

Currently, the Office of Administration and Support is working on the Frequently Asked Questions for Capital Funds Requests, and those will be posted to KDE website in the near future.

The Capital Funds Request Form is located at:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Capital+Funds+Request.htm>

Important Due Dates

Transportation Growth Factor Adjustment Form	November 1
Web Submission of Audited AFR Window opens	November 5
Audit Reports/Audited AFR	November 15
SFMI-Lexington School Financial Mgmt Institute	November 8-12
Fall KASBO-Lexington	November 17-19

For any questions pertaining to items in this newsletter, please contact your KDE field representative. Your representative can be found at the following link:

<http://www.education.ky.gov/KDE/Administrative+Resources/Finance+and+Funding/School+Finance/Field+Staff.htm>

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